

FACTORS OF TOURISM REVITALIZATION EFFORT ANALYSIS (AN EMPIRIC STUDY IN KARANGANYAR REGENCY, CENTRAL JAVA)

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ABSTRACTS

Karanganyar Regency has many great potential tourism destinations which are –unfortunately- still poorly managed by the government. Intended to support the effort of tourism revitalization, this research is done to examine factors of service, price, promotion, and product diversification over tourism consumer buying decision. We conduct the research by taking sample of tourism consumer population and tourism industry owners in the Regency. We use Structural Equation Modeling (SEM) as the main analyzing method, while considering that variables causality structure should be examined simultaneously and efficiently. The conclusion of this research shows that: 1) Tourism service quality has significant effect on tourism consumer satisfaction, 2) The quality of tourism products in Karanganyar Regency has significant effect over consumer buying decision, 3) Consumer satisfaction factor is ineffective as intervening variable mediating the independent variables and dependent variables. and 4) Product diversification is the largest factor to affect the consumer buying decision. This phenomenon shows that the quality of product holds the most dominant effect on tourism consumer buying decision in Karanganyar Regency.

KEYWORDS: Service Quality, Price, Promotion, Product Diversification, Consumer Buying Decision

INTRODUCTION

Background

Karanganyar Regency is one of favourite tourism destinations. There are many tourism destinations that can be found in its landscape. Some are unique natural spots like: scenic mountains, pine forests, waterfalls, and tea plantations. And some are historical spots like: ancient temples, ancient inscription tablets, and other historical artifacts. Yet they all are still poorly managed by the government due to some problems and factors. And thus, we choose to do research on the problem by conducting research titled “*Factors of Tourism Revitalization Effort Analysis (an empiric study in Karanganyar Regency, Central Java)*”

Research Problems

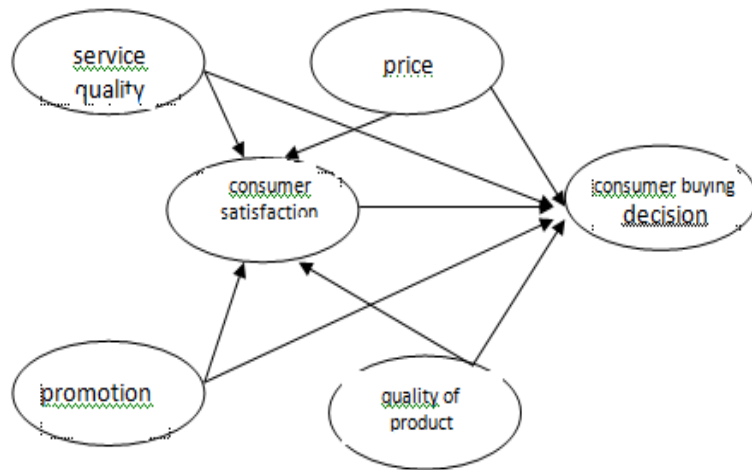
- How is Karanganyar Regency’s tourism condition?
- What is the effect of tourism service quality, price, promotion, and product diversification over tourism consumer buying decision in Karanganyar Regency?

Theoretical Basis

Tourism is all about how to operate tourism activities (Yoeti, 1992). Tour is an act of travel which is carried out voluntarily and temporary, simply to enjoy tourism destination or attractions. While tourism is a combination between tourists demand and tourism supplies like: transportations, services, infrastructures, facilities, attractions, informations, and

promotions. Tourism businesses provide tourism necessities while also operate tourism. They include tourism facilities or tourism infrastructures. Tourism business facilitates accomodation, stays, services. The infrastructures may include hotels, villas, camping grounds, caravans, stop-overs, etc. Yoeti (1992:285) stated that there are three factors that determine a successful tourism industry, they are: 1) Tourism attractions availability, 2) Accessibilities of the tourist destinations, and 3) Facilities of tourism destinations (i.e. facilities such as: inns, restaurants, entertainments, local transports that enable tourists to access tourism destinations, and communication devices).

Conceptual Frame



Hypotheses

H1	:	Service quality positively and significantly affect consumer satisfaction on tourism in Karanganyar Regency.
H2	:	Price positively and significantly affect consumer satisfaction on tourism in Karanganyar Regency.
H3	:	Product quality positively and significantly affect consumer satisfaction on tourism in Karanganyar Regency.
H4	:	Promotion positively and significantly affect consumer satisfaction on tourism in Karanganyar Regency.
H5	:	Service quality positively and significantly affect tourism consumer buying decision.
H6	:	Price positively & significantly affect tourism consumer buying decision.
H7	:	Product quality positively and significantly affect tourism consumer buying decision.
H8	:	Promotion positively and significantly affect tourism consumer buying decision.
H9	:	Consumer satisfaction positively and significantly affect tourism consumer buying decision.

METHODS

Research Object and Location

The object of this research include tourism consumers and tourism infrastructures' owners (hotels, motels, villas, inns, camping grounds, etc.)

Types of Data & Data Collecting

Types of Data

Primary Data: From respondents

Secondary Data: From archives & BPS (Central Agency of Statistics) data.

Data Collecting Methods

- Questionnaire Method
- Observation Method
- Documentation Method

Data Collecting Technique

Random Sampling Technique, i.e.: each person in the population has an equal probability to become a contributor for this research.

Population and Sample

The population including visiting tourists, micro-business units' owner, facilities owners (hotels, villas, inns), and stakeholders (Karanganyar natives).

Types of Operating Variables

To test the hypotheses of this research, we strive to measure its variables. There are two types of variables used in this research: exogeneous variables and endogeneous variable. The exogeneous variables are "service quality", "price", "promotion", and "quality of product". They affect the endogeneous variable, that is the "consumer buying decision". While the "consumer satisfaction" serve as an intervening variable.

DATA ANALYSIS

Instrument Test for Validity

This validity test are conducted to examine whether the indicators in the conceptual frame is valid to measure what it should measure. We use measurable "convergent validity" and developed measurement model, whether each the estimated indicators is valid to measure the dimension and concept examined.

Instrument Test for Reliability

We used "construct reliability" that is used to test how consistent the indicators of a construct are. Thus, reliability shows how each of the indicators can consistently identify phenomena of a construct (latent factor).

SEM Model Analysis

Next, we used Structural Equation Modeling (SEM) while considering that variables causality structure should be examined simultaneously and efficiently (Hair, 1998 : 167). Causality between variables are served in the SEM model. Its Goodness-of-fit criteria including :

Table 1: Goodness of Fit Test in SEM

Goodness of Fit Test	Cut-off-Value	Explanation
<i>Chi-Square</i>	Small is desirable	Acceptable only if all cut-off-value are meet.
<i>Probability</i>	≥ 0.05	
<i>CMIN/DF</i>	≤ 2.00	
<i>GFI</i>	≥ 0.90	
<i>AGFI</i>	≥ 0.90	
<i>TLI</i>	≥ 0.95	
<i>CFI</i>	≥ 0.95	
<i>RMSEA</i>	≤ 0.08	

Sources : Hair *et al.*, (1995:182), Ferdinand (2002:134)

RESULTS

Result of Instruments Test

Validity is the extent to which an instrument may corresponds accurately with the main target of measurement carried out with the instrument. While Reliability shows how consistent a measurement measures what it attempt to measure. Our test shows that our collected data is valid & reliable, so we can proceed to next step of analyzing the data.

Result of Normality Test

Normality evaluation use Critical Ratio Skewness value of 2.58 at significance level of 0.01. We can say the data has normal distribution if the Critical Ratio Skewness is lower than absolute 2.58. AMOS-processed SEM data analysis result shows that our data has a normal distribution due to Critical Ratio skewness lower than 2.58

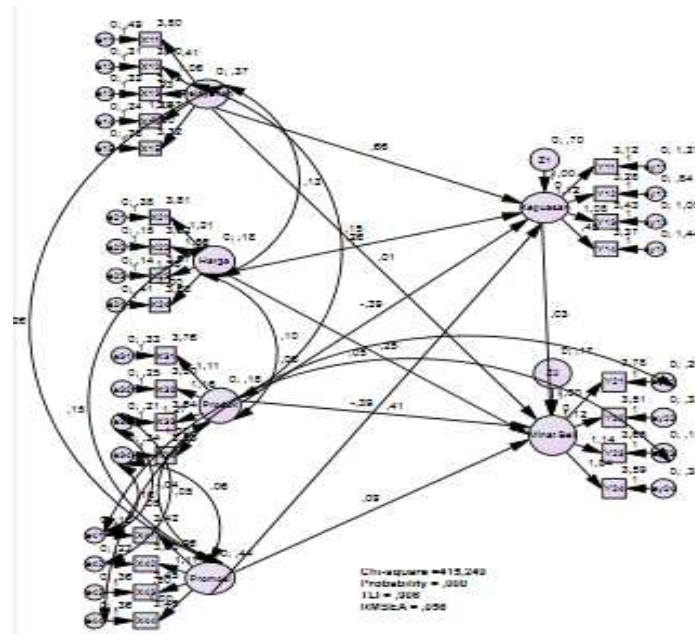
Outliers Detection

Degrees of freedom is at 25, in the significant level of $p < 0.001$, thus the *Mahalanob is distance* valued 64.314. It means that all case with larger than 64.314 *Mahalanob is distance* is a multivariate outlier.

Based on the instrument test, normality test, and outlier detection above, we can say that our data is fit for SEM data analysis.

Path Diagram

In this research, path diagram model is used to determine how independent variables mediated by intervening variables, affect dependent variables. The structural model that meet Goodness of Fit criteria is as follow :



Path Diagram Equation #1

According to the figure above, the path diagram model produce this following Equation #1:

$$Y_1 = 0,450 X_1 + 0,123 X_2 - 0,185 X_3 - 0,287 X_4$$

$$(0,002)^{**} (0,303) (0,192) (0,385)$$

Explanation

Y_1 = Consumer satisfaction Level
X_1 = Service Quality
X_2 = Price
X_3 = Product Quality
X_4 = Promotion

Path Diagram Equation #2

According to the figure above, the path diagram model produce this following Equation #2:

$$Y_2 = 0,011 X_1 + 0,208 X_2 + 0,346 X_3 + 0,120 X_4 + 0,057 Y_1$$

$$(0,928) (0,044)^{**} (0,006)^{**} (0,312) (0,511)$$

Explanation

Y_2 = Consumer Buying decision
Y_1 = Consumer satisfaction Level
X_1 = Service Quality
X_2 = Price
X_3 = Product Quality
X_4 = Promotion

DISCUSSIONS

- $\beta_1 = 0.450$ means that the quality of service has a positive relationship with consumer satisfaction. When the quality of service improved, the satisfaction will increase.
- $\beta_2 = 0.123$ means that the price has a positive relationship with satisfaction. When the price rise, the consumer satisfaction will increase.
- $\beta_3 = -0.185$ means that the quality of product has an opposite relationship with satisfaction. When the quality of product improved, the consumer satisfaction will decrease.
- $\beta_4 = -0.287$ means that the promotion has an opposite relationship with satisfaction. When the quality of promotion improved, the consumer satisfaction will decrease.
- $\beta_1 = 0.011$ means that the quality of service has a positive relationship with consumer buying decision. When the quality of service improved, consumer buying decision also improved.
- $\beta_2 = 0.208$ means that the price has a positive relationship with consumer buying decision. When the price rise, so does consumer buying decision.
- $\beta_3 = 0.346$ means that the quality of product has a positive relationship with consumer buying decision. When the quality of product improved, consumer buying decision also improved.
- $\beta_4 = 0.120$ means that the quality of promotion has a positive relationship with consumer buying decision. When the quality of promotion improved, consumer buying decision also improved.
- $\beta_5 = 0.057$ means that the consumer satisfaction has a positive relationship with consumer buying decision. When the consumer satisfaction improved, consumer buying decision also improved.

HYPOTHESES

- Service quality positively and significantly affect consumer satisfaction. The significance level is at 0.002 (<0.05).
H1: Service quality positively and significantly affect consumer satisfaction on tourism in Karanganyar Regency. (True Hypothesis)
- Price level positively affect consumer satisfaction, but not significantly. The significance level is at 0.303 (>0.05).
H2: Price positively and significantly affect consumer satisfaction on tourism in Karanganyar Regency. (False Hypothesis)
- Product quality negatively affect consumer satisfaction but not significantly. The significance level is at 0.192 (>0.05).
H3: Product quality positively and significantly affect consumer satisfaction on tourism in Karanganyar Regency. (False Hypothesis)
- Promotion negatively and significantly affect consumer satisfaction. The significance level is at 0.038 (<0.05).
H4: Promotion positively and significantly affect consumer satisfaction on tourism in Karanganyar Regency. (False Hypothesis)

- Service quality positively affect tourism consumer buying decision but not significantly. The significance level is at 0.928 (>0.05).

H5: Service quality positively and significantly affect tourism consumer buying decision. (False Hypothesis)

- Price positively & significantly affect tourism consumer buying decision. The significance level is at 0.044 (<0.05).

H6: Price positively & significantly affect tourism consumer buying decision. (True Hypothesis)

- Product quality positively and significantly affect tourism consumer buying decision. The significance level is at 0.006 (<0.05).

H7: Product quality positively and significantly affect tourism consumer buying decision. (True Hypothesis)

- Promotion positively affect tourism consumer buying decision but not significantly. The significance level is at 0.312 (>0.05).

H8: Promotion positively and significantly affect tourism consumer buying decision. (False Hypothesis)

- Consumer satisfaction positively affect tourism consumer buying decision but not significantly. The significance level is at 0.511 (>0.05).

H9: Consumer satisfaction positively and significantly affect tourism consumer buying decision. (False Hypothesis)

DIRECT AND INDIRECT EFFECT

- Service quality effect to consumer buying decision (X_1 to Y_2)
- Based on the data, it is known that service quality has positive direct effect on consumer buying decision at coefficient 0.011. Also, it has positive indirect effect at coefficient 0.026. The larger indirect effect coefficient shows that the intervening variable, that is consumer satisfaction, has an effective role in mediating the two.
- Price effect to consumer buying decision (X_2 to Y_2)
- Based on the data, it is known that price has positive direct effect on consumer buying decision at coefficient 0.208. Also, it has positive indirect effect is at coefficient 0.007. The larger direct effect coefficient shows that the intervening variable, that is consumer satisfaction, isn't that effective in mediating the two.
- Product effect to consumer buying decision (X_3 to Y_2)
- Based on the data, it is known that product has positive direct effect on consumer buying decision at coefficient 0.346. Also, it has positive indirect effect is at coefficient 0.011. The larger direct effect coefficient shows that the intervening variable isn't that effective in mediating the two.
- Promotion effect to consumer buying decision (X_4 to Y_2)

- Based on the data, it is known that promotion has positive direct effect on consumer buying decision at coefficient 0.346. Also, it has positive indirect effect is at coefficient 0.011. The larger direct effect coefficient shows that the intervening variable isn't that effective in mediating the two.
- Based on the data, the products variable has the largest total effect to consumer buying decision.

CONCLUSIONS

- Tourism consumer buying decision in Karanganyar Regency is relatively high. This shows that tourism destinations in Karanganyar Regency have considerable potency for attracting tourists and need to be constantly developed, especially from its aspect of service quality, price, quality of product, and promotion.
- Most of Karanganyar's tourism destination visitor are young people. This indicate a necessity of tourism development strategies especially one that is aimed to satisfy young people tourism needs.
- Consumer satisfaction comes from a good quality of service.
- Tourism products in Karanganyar Regency has significant effect to Karanganyar's tourism consumer buying decision.
- Consumer satisfaction is ineffective in intervening the effect of the independent variables on the dependent variable.
- The quality of product has largest total of effect on consumer buying decision. This shows that the quality of product is the dominant factor in affecting consumer decision in buying tourism products in Karanganyar Regency.

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